

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

	x	
)	PROMESA
In re:)	Title III
)	
THE FINANCIAL OVERSIGHT AND)	
MANAGEMENT BOARD FOR PUERTO RICO,)	
)	No. 17 BK 3283 - LTS
as representative of)	
)	
THE COMMONWEALTH OF PUERTO RICO,)	
)	
Debtor.)	
)	
	x	

**STATEMENT IN RESPONSE TO MOTION FOR ENTRY OF AN ORDER
PURSUANT TO 48 U.S.C. § 2161 AND 11 U.S.C. § 1102 DIRECTING
THE APPOINTMENT OF AN OFFICIAL RETIREE COMMITTEE
AND APPOINTING THE PRE-PETITION AD HOC RETIREE
COMMITTEE AS THE OFFICIAL RETIREE COMMITTEE**

The University of Puerto Rico (“UPR”), by and through its undersigned counsel, respectfully submits the following statement in response to the *Motion*, filed by the Ad Hoc Committee for the Protection of Accrued Retirement Benefits of Puerto Rico’s Public Employees and Retirees (the “Ad Hoc Retiree Committee”), *for Entry of an Order Pursuant to 48 U.S.C. § 2161 and 11 U.S.C. § 1102 Directing the Appointment of an Official Retiree Committee and Appointing the Pre-petition Ad Hoc Retiree Committee as the Official Retiree Committee* [ECF No. 8] (the “Motion”):

Background

1. Founded in 1903, UPR is a state-supported university system accredited with the Middle States Commission on Higher Education.

2. UPR is a public corporation of the Commonwealth of Puerto Rico (“the Commonwealth”) and is governed by a thirteen-member Governing Board. Such board is comprised of the Secretary of Education, a representative of the Puerto Rico Fiscal Agency and Financial Advisory Agency, seven members are appointed by the Governor of Puerto Rico and confirmed by the Senate of Puerto Rico, while the remaining portion of the Governing Board is made up of two tenured professors and two full-time students.

3. Appropriations of Commonwealth funds are the principal source of UPR’s revenues, but UPR derives additional revenues from tuition, federal grants and other sources. Additional revenue for UPR is generated by the issuance of general obligation revenue bonds to finance its activities.

4. UPR established its own individual pension system, the University of Puerto Rico Employees Retirement System (“UPR Retirement System”). The UPR Retirement System is a separate and distinct trust with its assets separate from other entities (“*patrimonio autonomo*”). The Governing Board of UPR is the Trustee of said trust. The UPR Retirement System is currently funded at around 47%.

5. In addition, the Governing Board appointed the University of Puerto Rico Retirement System Board (hereinafter referred as the UPR Retirement Board) with a total 18-members to represent all participants and retirees and to oversee the UPR Retirement System’s administration.

Facts Relevant to This Case

6. On May 3, 2017, the Federal Oversight and Management Board, appointed under the Puerto Rico Oversight, Management, and Economic Stability Act, 48 U.S.C. § 2101, *et seq.*

(“PROMESA”), filed a title III petition on behalf of the Commonwealth to further the process of restructuring the debts of the Commonwealth.

7. On May 5, 2017, the Ad Hoc Retiree Committee filed its Motion. Citing the complexity of the retirees’ claims in the title III case, the Ad Hoc Retiree Committee seeks to be appointed as an official committee to appear in the case and negotiate on behalf of retirees within the Commonwealth system. Mot. ¶ 20.

8. In the Motion, the Ad Hoc Retiree Committee lists the five public pension systems in Puerto Rico, including the UPR Retirement System. *Id.* ¶ 6. According to the Motion, retirees who participate in these public pension systems are currently represented by the Ad Hoc Retiree Committee.¹ *Id.*

9. The Ad Hoc Retiree Committee states that it is comprised of “a robust group of well-established public-employment retiree organizations based in Puerto Rico” and provides a list of its alleged constituent organizations, including the Association of Pensioners of the University of Puerto Rico and the Association of Retired Professors UPR-Humacao (hereinafter jointly referred as the “Associations”). *Id.* ¶¶ 5-6.

10. The Ad Hoc Retiree Committee requests that the Court “specifically appoint the members of the Ad Hoc Retiree Committee to serve as the members of the Official Retiree Committee.” *Id.* ¶ 2.

Clarification

11. The purpose of this statement is to clarify the UPR Retirement System’s position in respect of the Motion and to correct factual inaccuracies regarding the UPR Retirement System in the Motion.

¹ Other than retirees of the Puerto Rico Electrical Power Authority system.

12. As an initial matter, the Ad Hoc Retiree Committee lists the Associations as members, but the Associations do *not* represent the pensioners nor current employees of the UPR which are participants of the UPR Retirement System. Moreover, Dr. Marcos Lopez Reyes, President of the Association of Pensioners of the University of Puerto Rico and Félix Báez Neris, President of Association of Retired Professors UPR-Humacao, who signed the Motion on behalf of the Associations, do not represent the pensioners nor the current UPR employees-participants within the UPR Retirement System. *See Mot., Ex. B.*

13. The UPR Retirement System is not a creditor of the Commonwealth as other employee retirement systems are direct creditors of the Commonwealth and their interests and possible claims within this Title III proceeding are not the same. Therefore, the participants and retirees of the UPR Retirement System should not be represented by the Ad Hoc Retiree Committee.

14. Currently, the interests of those pensioners and participants within the UPR Retirement System are not represented by the Ad Hoc Retiree Committee.

15. Finally, by including the participants and retirees of the UPR Retirement System within the scope of its Motion, the Ad Hoc Retiree Committee inaccurately is combining the interests of the UPR Retirement System with other public retirement systems. UPR wishes to clarify that the UPR Retirement System is an entity separate and apart from the other public pension systems and that the UPR Retirement System is the legal representative of any and all UPR pensioners.

16. The University of Puerto Rico on its behalf and on behalf of the UPR Retirement System respectfully request that in the event that the Court authorizes the appointment of the Ad

Hoc Retiree Committee, the Court recognizes that such appointment does not include representing the UPR Retirement System and its participants and retirees.

Dated: May 19, 2017

Respectfully submitted,

DLA Piper (Puerto Rico) LLC

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19th day of May, 2107, I have filed the above *Statement in Response to The Ad Hoc Retiree Committee's Motion* with the Court's ECF System, which will notify all counsel of record.

Dated: May 19, 2017

s/ José A. Sosa-Lloréns
JOSE A. SOSA-LLORENS